

When an employee is determining their effective date of retirement they should understand that the effective date of their retirement should be the last day for which they are paid regular compensation (compensation subject to retirement withholding). They also should take into consideration any remaining personal days, floating holidays and vacation leave.

Personal Day(s) and Floating Holiday(s) are considered pensionable earnings and must be taken by the employee by their effective date of retirement.

Unused Vacation Leave can be considered pensionable or non-pensionable earnings and it's important to understand the difference:

Pensionable Vacation Leave is paid on a week-to-week basis prior to the employee's effective date of retirement. Employees opting to take their remaining vacation pay in this manner are usually looking to attain additional creditable service for pension calculation purposes. This would be done because the employee has not achieved their 80% maximum pension benefit. The employee is in pay status for pension benefits the day after their effective date of retirement.

Non-Pensionable Vacation Leave is paid in a lump sum payment and is not subject to retirement withholding. It's issued in the pay period closest to, or subsequent to their effective date of retirement. The employee receives no additional creditable service for pension calculation purposes. An employee opting to receive their vacation pay in this manner has usually attained their 80% maximum pension benefit (and does not need to accrue additional creditable service). The employee is in pay status for pension benefits the day after their effective date of retirement (*essentially the employee is paid for vacation and pension benefits for the same period of time*).

Unused Sick Leave is paid contingent upon an employee's contractual agreement and city/school policy; is non-pensionable earnings; and has no impact on your retirement benefit calculation or effective date of retirement.

Another factor for an employee to consider in determining their effective date of retirement is the timeline for the issuance of their first monthly pension benefit. MA public pension law stipulates that the first monthly pension benefit shall be issued in the month following the effective date of retirement. For example, an employee retiring on either June 1st or June 30th would receive their first monthly pension benefit dated July 31st, retroactive to their effective date of retirement. Some employees opt to retire towards the end of the month so that there is less time between their last employee paycheck and their first pension benefit payment.

Retirement Board staff are available to assist you in determining your effective date of retirement.